

**Testimony on the Kansas Department of Agriculture FY 2011 Budget Reductions  
to  
The Senate Ways and Means Subcommittee**

**Kansas Department of Agriculture**

**March 3, 2010**

Kansas Department of Agriculture has faced and is facing many challenging times with a service population that remains constant, but limited and shrinking revenues. As a regulatory agency we are tasked with ensuring the wholesomeness of the milk supply, safety of meat and poultry we eat, and plant and crop health, to name only a few. But what most people do not realize is that because KDA regulates, industries are able to operate in Kansas and our economy thrives. Without KDA regulation, some industries would cease to exist. The vitality of the agriculture industry is critical to the health of Kansas' economy. Agriculture has been relatively stable over time and it serves as a stabilizing force on Kansas' economy.

For 2009, Kansas had 65,500 farms. The total land involved in agriculture was 46.2 million acres and the principal was cropland area at 22.7 million acres. The last Census done was in 2007 and in that year, there were 46.3 million acres of land in farm. Of these, 28.2 million were cropland, 15.9 million were permanent pasture, and the rest were in woodland, buildings, etc. The approximate total land area in the State of Kansas was 52.3 million with 46.3 million in agriculture, meaning 89% of the land in Kansas is in agriculture.

The latest cash receipts and value of production data are for 2008. In 2008, the total cash receipts for agriculture were \$14.0 billion. (Cash receipts are what is actually sold) The value of production for 2008 was \$15.5 billion. (The value of production is the total value of agriculture produced during 2008)

Another example of how agriculture affects the Kansas economy is our Dairy program. The 2008 USDA NASS report indicates that dairy producers in Kansas had gross annual revenue of \$456,435,000 and employed 1,778 people. This is just the Grade A and manufacture grade producers. The milk processing plants, both Grade A and manufacture grade, in Kansas had estimated gross revenues of \$852,375,000 and employed approximately 410 people in 2008 (MANTA). This combines for just over \$1.3 billion in revenues and almost 2,200 jobs. It does not include the container manufacturers, milk transportation companies, licensed milk hauler/samplers, milk transfer and receiving stations, the dairy distributors both in and out of state, veterinary suppliers and veterinarians, and the calf/heifer raising facilities. We estimate that these other direct and indirect groups make up another large number of jobs and revenues for Kansans.

For the \$72,000 we ask for in fee increases or additional SGF money it would allow this large and thriving dairy industry to continue in Kansas. However, without the additional SGF we requested or the increase in fees that we are seeking, the dairy inspection program is in jeopardy of ceasing to operate.

We were asked to cut another \$233,000 from our budget for FY 2011. We proposed eliminating the agricultural statistics program, but we may eliminate the dairy program if we do not receive the requested funds. While both are important, the dairy program because it protects public health and is essential to the dairy industry is more important. However, without the requested funding, it will cease to be viable in 2012 so it only makes sense to eliminate it now and thus save one program. If we were to eliminate the agricultural statistics program now and we did not receive the requested funding we would be in effect eliminating two programs instead of one.

While we understand that in order to not reduce our budget some other agency will have to take a larger cut, the reality is that any additional cuts to our agency will - not may - result in the elimination of essential services that serve our agricultural community and the rural towns in which they operate. Not only will the farmer be impacted, but so will all the other ancillary businesses that depend on the farmer.

## FY 2011 SGF Budget Reduction Options for Senate Budget Committee

Kansas Department of Agriculture

March 3, 2010

**Requirement of Senate: \$9,279,539 (FY 2011 Gov Rec \$9,513,336 minus \$233,797 reduction)**

Description	Reduction	Consequences
<b><u>Agriculture Statistics</u></b>		
Eliminate Partnership with Federal Agriculture Statistics. Eliminate SGF contribution toward this partnership. It would result in the layoff of four state employees: one Economic Development representative II, one Senior Administrative Specialist and two Administrative Specialists	\$190,786	<ul style="list-style-type: none"><li>* No Livestock Auction Reports, no Custom Rates Report (rates paid by farmers for custom work), no Kansas Hay price statistics, no Kansas Sunflower Price Statistics. This joint venture involving the U.S. Department of Agriculture and the Kansas Department of Agriculture also collects, maintains and disseminates statistics about Kansas agriculture. KDA would no longer be a working partner in this.</li></ul> <p>The future of the annual Farm Facts report would be the decision of the US Dept of Agriculture. Typically Farm Facts provides both up-to-date and historical information on Kansas agriculture.</p>
<b><u>All KDA</u></b>		
Furlough all KDA employees 5 days	\$125,000	<ul style="list-style-type: none"><li>* Possible shut down of slaughter at meat processing facilities due to no employees being present on scheduled slaughter days. This will create hardships for meat processors.</li><li>* The lab has processes that require a five day procedure to occur in order to process samples. No samples will be run for a week. This may affect dairy's ability to ship milk.</li><li>* Possibility for a food born outbreak could occur without staff available to work.</li><li>* The department employee's morale is already down from layoffs, lack of pay increases, pay cuts and other budget related issues. This will further reduce morale and will cause good employees to seek other employment.</li><li>* The public will not have access to KDA services for a week. Pesticide complaint calls will not be answered. Gas pump complaints will not be investigated. Licenses will not be issued and renewals processed.</li></ul>
<b>SGF Reduction Grand Total:</b>	<b>\$315,786</b>	
<b>Required Target</b>	<b>\$233,797</b>	
<b><u>ALTERNATIVE AND SECOND OPTION:</u></b>		
<b><u>Dairy</u></b>		
Eliminate the Dairy program. If fee package doesn't pass and additional funding from SGF does not get appropriated the Dairy program will run out of funds in 2012 and will be eliminated.	\$118,974	<ul style="list-style-type: none"><li>* Loss of industry, loss of jobs, farms, and other indirect job losses. Over \$1.3 billion dollar gross revenue loss to Kansas.</li></ul>

